

From: [REDACTED]
Sent: Monday, 16 July 2012 6:19 PM
To: ESCOSA:Essential Services Commission of South Australia
Subject: Electricity Standing Contract - Wholesale Electricity Cost Investigation
Importance: High

Dear Sir/Madam,

I wish to place this submission for your consideration for an urgent review of the Wholesale cost of electricity in the South Australian market place. Specifically, under "special circumstances."

Currently, according to the Energy Users Association of Australia, South Australian electricity consumers are paying the world's 3rd highest price for electricity. My question to you is, "Why?". It is predicted that by year end, South Australians will be paying the highest retail price for electricity IN THE WORLD.

Section 3 of the Electricity Standing Contract - Wholesale Cost Investigation discussion paper, cites reasons under Prima Facie evidence of market changes. I urge the ESCOSA to make a review or determination to alter the pricing structure to take into account the Commonwealth Government's Clean Energy Act 2011 which took effect on 1 July 2012.

I wish to highlight the following as a strong reason for a review:

I received a letter from my energy retailer today 16 July 2012, that being AGL. This letter highlighted a price increase in my electricity energy plan which is 100% renewable. I accept that this is permitted under the Act as an annual review.

I contacted AGL Customer Service on 1300 136 874 and asked if this price increase was in relation "to the Carbon Tax?". I was told, "no." That it was part of the annual review.

I called AGL Complaints back 10 minutes later and asked the same question. There was a partial admission that the \$7.10 per week electricity cost increase to be expected from 16 July 2012 DOES in deed factor in the Carbon Tax. I then asked why I was being slugged the Carbon Tax when I was on a 100% renewable energy plan? The Customer Officer was unable to answer so I escalated to a Supervisor. The Supervisor confirmed that the price increase DOES factor in the Carbon Tax and then referred to some literature (internal) attempting to explain to me that I can expect a credit on my bill but was unable to explain the specifics. How is the credit calculated. AGL DO NOT have this in place as yet even though there has been ample time to put something in place prior to the Carbon Tax commencing beginning this financial year.

IF I had not called back and questioned this further I would have been none the wiser. Therefore, I argue that this letter is providing false and misleading information and is a breach of the SA Electricity Act 1996 S90 - False or misleading information.

South Australia

Electricity Act 1996

An Act to regulate the electricity supply industry; to make provision for safety and technical standards for electrical installations; and for other purposes.

"electricity supply industry" means the industry involved in the generation, transmission, distribution, **supply or sale** of electricity or other operations of a kind prescribed by regulation;

90—False or misleading information

A person must not make a statement that is false or misleading in a material particular (whether by reason of the inclusion or omission of any particular) in any information furnished under this Act.

Maximum penalty:

If the person made the statement knowing that it was false or misleading— \$10 000 or imprisonment for 2 years.

In any other case—\$5 000.

Now this begs a further question. The ESCOSA has departed from their normal regulatory approach and set a WEC allowance based solely on an estimate of the LRMC of electricity generation in South Australia. This was in place of a market based assessment due to poor contract market liquidity for wholesale energy at the time. IF a new price determination is made under the remaining Price Path Period, will this new price include allowance for the Carbon Tax ? If so, ESCOSA is charging the Carbon Tax as is AGL under its new pricing structure as allowed under the Act. Add to the retail account 10% GST !

Do you agree ?

If so, is this not "double dipping" ?

In conclusion. In December 2010 the ESCOSA made a price determination fixing the electricity standing contract price to apply from 1 January 2011 to 30 June 2014 (Price Determination). A review of the PD is overdue by ESCOSA given that the Clean Energy Act 2011 was passed on 8 November 2011. Some 8 months later, ESCOSA has not moved to bring prices in line with the Carbon Tax nor did AGL. AGL are unable to explain nor provide calculations as to how they expect customers on 100% renewable energy, to be credited for this. In the mean time they have to pay the Carbon Tax component of the new plan energy pricing as set by that retailer. Surely illegal and very misleading !

This ESCOSA discussion paper does state there is, in itself, sufficient evidence to prove that there is a Prima Facie argument that contract market liquidity has improved significantly sine last forecast in 2010. This alone should prompt a review by ESCOSA and setting of a new Price Determination based on a WEC allowance derived from a Market Based Approach (ESCOSA standing practice).

Kind Regards,

